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UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL

ECONOMIC COMMISSION FOR AFRICA

REPORT OF THE THIRD STEERING COMMITTEE MEETING ON PROJECT DU/RAF/89/850 MANUFACTURE OF EQUIPMENT FOR ROAD, RAIL, INLAND WATER AND MARITIME TRANSPORT IN AFRICA

Addis Ababa, Ethiopia 21 to 24 October 1991

A. ORGANIZATION

1. The Third Steering Committee Meeting on the Project DP/RAF/89/850 "Manufacture of Equipment for Road, Rail, Inland Water and Maritime Transport in Africa" was held in Addis Ababa, Ethiopia from 21 to 23 October 1991. The meeting was chaired by the UNDP Representative to OAU and Chief, Liaison Office with ECA.

B. ATTENDANCE

2. All members of the Steering Committee of the project were represented with the exception of the three member States Cote d' Ivoire, Egypt and Zimbabwe. The list of participants is attached as Annex 1.

C. OPENING OF THE MEETING

3. The meeting was opened by the Assistant Secretary General of the Organization of African Unity.

4. After welcoming the participants to the meeting, he stressed the importance which the OAU attaches to the project. He stated that the Transport and Communications Sector had a crucial role to play in Africa's efforts to establish an African Economic Community whose Treaty was signed in June, 1991 at Abuja, Nigeria.

5. He observed that in the Treaty, the Regional Economic Communities would serve as the building blocks for the African Economic Community. Consequently, it was essential that they should be closely involved in the project so as to ensure concerted action at both regional and continental levels as regards the manufacture of transport equipment. He also emphasized the need for African countries and intergovernmental organizations to be closely associated with the project. In this connection, he supported the notion of establishing a consultative committee for the project which would bring together member States, donors and the private sector to give guidelines and general orientation for the conduct of the study.

6. Finally, he noted that the scope of the project was limited to sub-Saharan Africa. He, therefore, called upon the Committee to consider extending the project to cover North African countries so as to reinforce the integration of all African countries into the economy of the Continent.

7. The UNIDO representative, in his opening remarks, expressed his satisfaction with the progress that had been achieved in the implementation of the project by ECA and UNIDO and also appreciated the positive professional cooperation and discussions that prevailed between the two organizations. He expressed his concern on the lack of impetus on the development of transport and

communications equipment industry in Africa. He further stressed the important contribution which this project would provide to the implementation of the programmes for the Second Industrial Development Decade for Africa and the Second United Nations Transport and Communications Decade in Africa (UNTACDA II 1991-2000) and especially the creation of the Industry Sub-sectoral Working Group within the framework of the UNTACDA II programme.

8. He added that the diagnostic survey just completed provided a wealth of information to ECA and UNIDO. He urged the two organizations to take up follow-up action with the most promising of the enterprises surveyed. He stressed the fact that additional efforts should be made for the mobilization of funds for the development of the transport and communications equipment industry in Africa. He reassured the meeting of UNIDO's readiness to intensify its cooperation with ECA and OAU and to continue to contribute to the work of the Steering Committee towards the full implementation of the project.

9. The ECA representative thanked all the colleagues present at the meeting and cited with satisfaction the progress that had been achieved since the inception of the project. He then reminded the meeting on the important link that the project had to the successful implementation of UNTACDA II and the realization of the African Economic Community taking cognisance of the important role that the transport sector had to play in regional integration.

10. The preparatory phase of UNTACDA II had adopted a bottom up approach. He recommended that the same approach be adopted with regard to the setting up of a consultative committee constituted inter alia of African Governments and private sector. He recalled that the main objective of the project was the promotion of intercountry cooperation in the manufacture of transport equipment.

11. He asked the Steering Committee to ponder very seriously on the choice of pilot projects for the prefeasibility study to be conducted in the line of the main objective of the project and concluded by congratulating the Chief Technical Adviser and UNIDO for the successful preparation of the diagnostic survey report.

12. The Chairman re-emphasized the importance of the priorities identified in the project, a requisite for economic integration. He also reiterated the important role that the consultative committee could play in the implementation of the project.

D. ACCOUNT OF PROCEEDINGS

Adoption of agenda and organization of the work

13. The agenda, as amended and approved by the meeting is as follows:

1. Opening of the meeting;

2. Adoption of the agenda and organization of the work;

3. Progress report by the CTA including the financial report;

4. Examination of the diagnostic survey;

5. Draft Terms of Reference for the prefeasibility study of 4 pilot projects;

6. Composition of the consultative committee and its Terms of Reference;

7. Work Plan and Revised Budget;

8. Date and venue of next meeting;

9. Any other business;

10. Adoption of report;

11. Closure.

14. The meeting also adopted the following work programme:

Mornings	09.00	-	13.00 hrs
Afternoon	15.00	-	18.00 hrs

Progress Report by the Chief Technical Adviser (CTA) including the financial report (agenda item 3)

15. The CTA introduced the document DOC/MTE/91/04 on the activities he had undertaken since his recruitment.

16. The meeting noted the administrative report and requested the CTA, more specifically to present the project performance evaluation report (PPER) and a summary of the implementation of recommendations made during the second Steering Committee of the project.

17. The PPER was adopted by the Steering Committee and is attached to the report as Annex 2.

18. The progress report on the implementation of the recommendations for the second Steering Committee gives the following information:

(a) Work programme for the review period

The following activities were undertaken:

(i) Recruitment of CTA and consultants to undertake the survey.

(ii) Briefing of field mission teams;

(iii) Fielding of missions;

(iv) Preparation and review of reports of field missions;

(v) Convening third meeting of the Steering Committee.

(b) The diagnostic and market survey

Refer to agenda item 4.

(c) Publicity of the Project by ECA

(i) ECA informed the thirteen countries selected and also the countries of the various regions about the project with a view to securing their cooperation and agreement to participate in the project on the basis of a brief to be provided;

(ii) ECA presented the project to the conference of African Ministers of Transport, Communications and Planning in Abuja, Nigeria in February 1991.

(d) Investment promotion by UNIDO

The possibility of associating OAU with the investment promotion of the outcome of the project was considered and the OAU representative accepted.

(e) Inclusion of North Africa in the Project

As discussed during the Second Steering Committee meeting, refer to Annex 5 of the Minutes of the Second Steering Committee: "In view of the above, it is recommended that the Northern African countries be considered as a separate entity and a specialized study be undertaken at a later date, in consultation with ECA, OAU, UNDP and UNIDO as well as AIDMO and ECOWAS. This could be in corporated in the present study, at a later stage. The present study should, therefore be limited to

countries South of the Sahara". UNDP representatives at the meeting were requested to take up this matter with UNDP Regional Bureau for Arab countries outside the financial framework of this project.

19. A member of the ECA secretariat presented the expenditures on the project up to August, 1991. The meeting directed that the preparation of the expenditures report should clearly show the UNIDO and ECA portions and the overall expenditures on the project. The revised budget is attached to the main report as Annex 3.

20. In order to be reimbursed, UNIDO was asked to submit statements of expenditure in the standard UNDP format of the budget on a quarterly basis. Over expenditures in any of the budget lines would not be reimburseable.

21. The extended discussions on this agenda item addressed issues pertaining to the objectives of the project, the thrust of the project, post the end of phase 1, the role of government and the private sector and which modes were to be addressed in the prefeasibility study.

22. Consensus was reached on the need to have a regional approach in which the regional/subregional intergovernmental organizations, member states and the private sector would all have a role to play in the development of the manufacture of transport equipment in Africa.

Consideration of report on the Diagnostic and Market Survey (agenda item 4)

23. The representative of UNIDO presented the UNIDO activities since the last Steering Committee meeting as per Annex 4. The report of the diagnostic survey consists of three parts:

Part A: The report itself;
Part B: The five annexes;
Part C: Background information on each of the 93 companies visited by the expert teams.
All the three parts were presented during the meeting.

24. He further indicated the importance of using this gathered information further, not only for selection of four prefeasibility studies, but also in respect to other enterprises surveyed as discussed during the Second Steering Committee Meeting in Vienna (refer agenda item 7 of the minutes of the Second Steering Committee meeting).

25. He also stressed the fact that experience learnt that in bilingual projects like this, the cost of translation and reporting should be carefully budgeted since these costs are considerable.

26. He specified, nevertheless, that the responsibility rested with the Steering Committee as the decision-making body of the project to nominate the four enterprises to conduct the prefeasibility studies and the methodology to be adopted, as well as to decide how the results of the other diagnostic survey could be effectively used for reaching the project objectives.

27. In the ensuing debate some delegations were of the view that it would have been desirable if the project had undertaken first and foremost a comprehensive analysis of strategic alternatives for the development of transport industries for each of the four regions. The survey would have been tailored to the transport mode selected as priority for each of the regions concerned. Furthermore such a strategy would have indicated how the project activities would have dovetailed into the activities of the Regional Economic Communities. It was also pointed out that a needs analysis should have been undertaken in order to determine the items to be manufactured.

28. The Steering Committee noted the importance of a market survey and requested that this be undertaken during the prefeasibility studies of the pilot plants.

29. A sub-committee comprising OAU, UNDP, ECA and UNIDO was set up to recommend to the Steering Committee the four enterprises for which prefeasibility studies would be undertaken.

30. The Steering Committee accepted the recommendation of the working group (see Table 1). In case it was not possible for whatever reason for a first choice enterprise to be implemented, automatically the second on the list will be chosen.

TABLE 1

LIST OF ENTERPRISES SELECTED TO CONDUCT THE PREFEASIBILITY STUDY

CHOICE	ENTERPRISES	COUNTRY
	West Africa	
1.	SNCS	Senegal
2.	NIGERDOCK	Nigeria
3.	STAR AUTO	Cote d'Ivoire
	Central Africa	
1.	A.C.P.	Zaire
2.	CNIC	Cameroon
3.	CIG	Gabon
	East Africa	
1.	AKAKI	Ethiopia
2.	KENYA RAILWAYS CORPORATION	Kenya
3.	AFRO COOLING SYSTEMS LTD.	Tanzania
	Southern Africa	
1.	ZECO	Zimbabwe
2.	BMS ENGINEERING LTD.	Zambia
3.	FORGES TARDIEU LTD.	Mauritius

Draft Terms of Reference for the Prefeasibility Study of 4 Pilot Projects (agenda item 5)

31. The CTA introduced the document DOC/MTE/91/02 on the Terms of Reference for the prefeasibility study and DOC/MTE/91/3 or possible mechanisms for multinational cooperation for the implementation of 4 pilot projects.

32. The meeting noted the reports and recommended that further refinement of the TOR be undertaken by a subcommittee composed of the CTA and UNIDO. The Draft Terms of Reference are attached to the main report as Annex 5. Members of the committee were urged to review this draft and send their comments to UNIDO for incorporation in the final draft which should be made available to the members for their final review. The latest date for receipt of comments by UNIDO is 15 November 1991. Terms of Reference would have to be prepared for each pilot plant.

33. However, emphasis was put on the necessity to clearly indicate in the Terms of Reference of the cooperation aspect of the project: the prefeasibility study should look in particular, to the potential of plants for subregional and/or regional cooperation.

Composition of the consultative committee and its Terms of Reference (agenda item 6)

34. The CTA introduced DOC/MTE/91/01 on his views and comments on the development of the transport equipment industry and also a proposal for the constitution of the consultative committee.

35. DOC/MTE/91/01 outlined the general problems to be addressed by the Steering Committee and also the role of the consultative committee in the implementation of the project.

36. The Steering Committee discussed at length, the mandate and the composition of the consultative committee, the criteria for nomination of African member States, subregional organizations, and the financial institutions, especially the importance of including the private sector. The committee also stressed the importance of including subregional banks such as the PTA bank, the Banque de Developpement de la CEPGL, etc..

37. A working group was set up to prepare a document on the composition of the consultative committee and its Terms of Reference. The text of the Terms of Reference and composition of the committee as adopted by the Steering Committee is attached as Annex 6. In discussing the work of the working group the committee advanced that the reference of the committee should include:-

(a) bring their experience on the transport industry and sharpen the focus of the project;

(b) advise how the project can develop the transport industry;

(c) sensitize their countries and subregional organizations on the importance of the project;

(d) assist the preparation of an enabling environment for investment at national and subregional levels.

38. In order not to lose time and momentum, the committee recommended that ECA take appropriate measures to sensitize member States on the role of the consultative committee and prepare the first meeting of that committee.

39. A resolution on the consultative committee in particular and on the project in general will be prepared by ECA for presentation to the next OAU Council of Ministers.

The Work Plan and Revised Budget (agenda item 7)

40. The CTA introduced DOC/MTE/91/05 on the proposed work plan This entailed the identification of activities to be performed post this Steering Committee meeting and their financial implications.

41. In the discussions that ensued the UNDP informed the meeting that the project was supposed to end in March 1992 and that budget revision should not be based on an increase of the amount previously attached in the prodoc. It was further mentioned that the work plan presented by the CTA covered activities up to November 1992. The implementation of the remaining activities would therefore have to be undertaken using the remaining funds. Consequently there was need to revise the work plan to ensure that only the most critical activities would be implemented up to March, 1992.

42. The committee debated at length on which activities to delete. Suggestions were also made to transfer the implementation of the next phases of the project to the UNTACDA II programme.

43. UNIDO informed the meeting that it was promoting the project using its appropriate mechanism and that the project was included in its intercountry programme.

44. The Steering Committee agreed to make an appeal to the UNDP to provide extra funds, reflecting an increase of 22 per cent as shown in Annex 3, in order to complete the prefeasibility studies on the selected four plants. The Steering Committee also requested ECA,

in cooperation with UNIDO, to start thinking about follow-up activities after the completion of the prefeasibility studies.

45. A subcommittee was formed to prepare a detailed work plan and budget. This is attached as Annex 7.

Date and venue of the next meeting (agenda item 8)

46. The date of the next Steering Committee meeting would be advised with regard to the first meeting of the Consultative Committee meeting. The Steering Committee agreed to organize the meeting after the completion of the prefeasibility studies. The holding of this meeting was also dependent on the availability of funds post the completion of the prefeasibility studies.

Any other business (agenda item 9)

47. The African Regional Centre for Engineering Design and Manufacturing should be invited to participate in future Steering Committee meetings.

48. The Chairman thanked all the Steering Committee members for the positive participation and the spirit of cooperation that had prevailed during the meeting and hoped that this would continue to prevail in future Steering Committee meetings.

49. Responding to the Chairman, the UNIDO representative, speaking on behalf of the Steering Committee, gave a vote of thanks to the Chairman for the very positive guidance he had given to the Steering Committee meeting.

Adoption of report (agenda item 10)

50. The meeting adopted its report with some amendments. A summary of the decisions made during the third Steering Committee is attached as Annex 8.

Closure of the meeting (agenda item 11)

51. The Chairman thanked all the Steering Committee members for the positive participation and the spirit of cooperation that had prevailed during the meeting and hoped that this would continue to prevail in future Steering Committee meetings.

LIST OF PARTICIPANTS/LISTE DES PARTICIPANTS

Organization of African Unity (OAU)

Ambassador B.N. Dede
ASG (EDECO)

Mr. Y. Afanou
Head, Transport and Communications Division

Mr. A.S. Koram
Transport and Communications Division

United Nations Development Programme (UNDP)

Mr. O. Silla
UNDP Representative to OAU
and Chief Liaison Office with ECA

Mr. T.I. Chivore
Deputy UNDP Representative to OAU
and Chief Liaison Office with ECA

Mr. Song Leang
Senior Technical Adviser
UNDP
New York

United Nations for Industrial Development Organization (UNIDO)

Mr. Shadrack N. Ndam, Head
Africa Programme
UNIDO
Vienna, Austria

Mr. Y.E. Amaizo
Feasibility Studies Branch, UNIDO
Vienna, Austria

Mr. Evert Kok
Engineering Industries Branch, UNIDO
Vienna, Austria

Africa Project Development Facility

Mr. John James
East African Regional Office
Nairobi, Kenya

ECA Secretariat

Mr. M. Bongoy, Chief
Transport, Communications & Tourism Division

Mr. F. Rutaiwa, Chief
Transport Policy Coordination & Tourism Section, TCTD

Mr. M.E. Dhliwayo
EAO, Road and Road Transport, TCTD

Mr. Mamoudou A. Toure
Project Management Officer, TACOO

Mr. Mamady Kourouma
IDO, Industry and Human Settlements Division

Project RAF/89/850

Mr. Demeke Metaferia
Chief Technical Adviser

PROJECT PERFORMANCE EVALUATION REPORT

UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT PERFORMANCE EVALUATION REPORT SUMMARY SHEET

Project Number and Title	Executing Agency	Date last report	Date this report	Planned date Tripartite Review
RAF/89/850 Manufacture of Transport Equipment	ECA		9/91	10/91

	Original Budget (US$)	Latest Signed Revision (US$)
Total Budget (budget line 99)	976,615	
Government cost sharing (line 101)		
Other contributions (lines 103-8)		
UNDP contribution (line 999)	976,615	
Govt. cash contribution (from prodoc cover page)		
Govt. contribution in kind (in local currency)		

Project starting date		Project completion date	
Originally planned	Actual	Originally planned	Current estimate
5/5/1990	21/5/1990	5/5/1992	20/9/1992

SUMMARY OF CONCLUSIONS:

The first Part of phase I of the project study, which is the Identification or the Diagnostic Study, was completed satisfactorily and within the scheduled time. But events that took place in Ethiopia delayed its presentation to the Steering Committee from July to October 1991. In regard to The second part of Phase I, the pre-feasibility study, the Associated Agency UNIDO is expected to give its views at the meeting of the Steering Committee on the scope of work, completion time and the need for revision of the original cost estimate for this portion of the work. As to the time frame, postponment of the Steering Committee meeting from July to October 1991 and the need for convening the Consultative Committee to accept the pre-feasibility study report will push the project completion date to September 1992.

SUMMARY OF RECOMMENDATIONS:
(Whenever possible, indicate who should take the action and by when.)

As provided in the Prodoc the pre-feasibility study report should be prepared and presented to the Consultative Committee who will then decide on the future course the project should take.

Prepared by:	Distributed to:	Date:
Dammaka Mettaferia — Government Project Co-ordinator Name and signature	TACOO	18/10/91
M. Bongoy — Agency Project Co-ordinator Name and signature	UNDP	18/10/91
Name and signature — Other		

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II. PROJECT OBJECTIVE AND FUNCTION

1. State the objective(s) of the project as indicated in the original project document or latest signed revision.

To promote multinational cooperation among African states in the development of the manufacture of transport equipment through the identification and selection of, and undertaking pre-feasiblity studies on 4 transport equipment producing plants for rehabilitation, upgrading, expansion and diversification with a view to making their products available to more than one country.

2. What is the primary function of the project? Check one only.

☐ Institution building	☐ Direct support	☐ Direct training
☐ Experimental	☐ Pilot	☐ Relief
☐ Investment	☐ Special support	☒ Other

Promote multinational cooperation in the identification and development of pilot manufacturing plants that would produce transport equipment for use by more than one country.

3. List the outputs included in the latest project document?

Out put 1 : Identification survey
Out put 2 : Pre-feasibility studies

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III. EVALUATION OF PROJECT PERFORMANCE – OUTPUTS

(Questions 1 – 4 should be completed for each output, using a separate sheet for each output.)

Output number: _____

1. Repeat output (as stated in latest approved project document/revision):

Identification Survey

Scheduled completion date as in original signed project document	Actual or expected completion date
10/90	06/91

2.a. Describe the present status of the output.

Survey of 93 enterprises in 12 countries completed. Enterprises classified in descending order of imprtance. The top enterprises with potential for future development identified for selection by the Steering and the consultative committees of 4 pilot project to undergo pre-feasibility studies. Final report on survey, analysis of survey and selection process is ready for submission to the Steering Committee.

b. This status is ☒ Satisfactory ☐ Unsatisfactory

Please explain.

Out put delivered

3. If the status of the output is unsatisfactory,

A. What factors are causing it? (Check as appropriate and provide comments under questions 3.B & C on the next page.)

(i) **Operational factors:**

	Quality	Quantity	Timeliness
(a) International inputs:			
Expertise	☐	☐	☐
Training fellowships/study tours/in service)	☐	☐	☐
Equipment	☐	☐	☐
Other (Please specify)	☐	☐	☐
(b) National Inputs:			
Government project professional personnel	☐	☐	☐
Trainees	☐	☐	☐
Equipment/premises	☐	☐	☐
Other	☐	☐	☐

(c) Technical problems ☐

(d) Management problems ☐

(ii) **External Factors:**

(a) Institutional ☐

(b) Political ☐

(c) Socio-cultural ☐

(d) Economic ☐

(e) Other ☐

NOT APPLICABLE

B Explain item(s) checked in 3 A. including how production of the output is affected

NOT APPLICABLE

C. What effect does this unsatisfactory status have on the achievement of the immediate objective?

NOT APPLICABLE

4. If produced, to what extent, and by whom is the output being used?

The output will enable the Consultative Committee, which is mainly composed of African governments to proceed with further development of the project by authorizing performance of pre-feasibility study on the 4 selected pilot projects.

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IV. EVALUATION OF PROJECT PERFORMANCE — OBJECTIVES

1 State how the achievement of the immediate objective(s) as stated in II 1 can be observed and/or measured

It can be observed when the Consultative Committee decides to use the output for the preformance of the pre-feasibility study that would establish the technical soundness and economic viability of the pilot manufacturing plants so that member States can cooperate to push the development of the pilot projects to their ultimate implementation and operation.

2. Using the indicators/success criteria recorded in 1 above, provide your assessment of the extent to which the project has achieved or is likely to achieve its immediate objective(s)

The success criteria recorded thus far indicate that there is a high probability for the project to achieve its immediate objective.

3 State the development objective of the project as given in the original signed project document.

It is to help start a process whereby african countries can mobilize and coordinate their skills and resources jointly to produce spare parts, components, equipment and machineries so that they can eventually achieve substantial independence and self reliance in the development of transport services.

4 Are there any signs that the project is making or is likely to make a significant contribution towards the attainment of the development objective? If so, please describe.

In all the countries the diagnostic survey was conducted, government officials and enterprise managers showed great interest in the project and expressed their wish to see the project implemented as planned.

5.(a)Who are or will be the beneficiaries of the project? (b) Explain how they are or will be benefiting from the project.

(a) The target beneficiaries will be both the public and the private sectors.
(b) They will both invest in the development of the pilot plants and hence will have a share in the benefits. They will also have access to the equipment components and spare parts that will be produced for use in the public and private sector transport operations.

6. Has the project had any significant unforeseen effects either positive or negative? If so, briefly explain.

Performance of project study thus far went as plannned and without effect of any significant unforeseen circumstance. However, delay in the scheduled meeting of the Steering Committee in July 1991 due to the events that took place in Ethiopia has postponed the meeting to the end of October and stretched completion date to September 1992.

7(a) On the basis of your analysis in parts III and IV above, give your overall **assessment** of the progress of this project in terms of achieving its immediate objective(s)

☐ Much more than planned ☐ More than planned ☒ As planned

☐ Less than planned ☐ Marginal or non-existent

7(b) What action do you recommend to be undertaken by any of the three parties involved (Government, Executing Agency, UNDP) to improve the effectiveness of the project?

☐ Change the technical approach

☒ Undertake a technical review

☐ Redesign (clarify, redefine) one or more of the principle project design elements (objectives, outputs, workplan)

☐ Reconsider the institutional setting of the project

☐ Initiate an in-depth evaluation

☐ Other, please specify:

Please explain items checked

The review is necessary to ascertain that the project is proceeding along the path that would lead it to the succeeding phases of study and development and eventual operation of the pilot manufacturing plants.

7(c) **Description of the overall status of the project.**
(This question is optional)

Performance of scheduled activities to produce output 1 (Diagnostic Survey) went on as planned, except that the sub-regional market survey component required for establishing capacities of the pilot plants was postponed in favour of having it performed along with other activities planned for producing output 2 which is the Pre-feasibility study.

As regards time frame, the events that took place in Ethiopia postponed the Steering Committee meeting from July to October 1991. This and the need to give more time for member states to designate their representatives in the Consultative Committee will stretch the project completion time to September 1992.

The extention of completion time and the need to produce a pre-feasibility study of a standard to be presented to the Consultative Committee rather than to a conference of donors as originally proposed would require additional resources.

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V: MONITORING RECORDS

Project Number and Title	Executing Agency	EXPENDITURE	Date last report	Date this report
RAF/89/850 MTEA	ECA	30/9/91		

1	2	3	4	5	6
Input item by budget line	Scheduled current calendar year	Actual to date of report	Actual to end current calendar year	Difference	Remarks
UNDP BUDGET					
1101	120000	66,042.33	120,000		UNIDOs subcontractual expenditure to date estimated to be higher than shown underline 1150 has yet to be presented.
1150	375000	-	375,000		
1302	28000	2,279.06	28,000		
1500	30000	20,422.90	30,000		
1600	190000	17,735.60	190,000		
4000	3400	745.53	2,654.47		
5000	5000	1,487.19	5,000		
GOVERNMENT BUDGET					
		NOT APPLICABLE			

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Project Number and Title	Executing Agency	STATUS OF ACTIVITIES	Date last report	Date this report

Activities scheduled in the project document	Original scheduled starting date	Original schduled completion date	Actual or currently estimated starting date	Actual or currently estimated completion date	Comments (If completion date has changed indicate how many times)
1. Identification Survey	5/90	10/90	03/91	06/91	Includes Study of prospects (3)
2. Market Survey	11/90	1/91	--	--	Scheduled to be done together with pre-feasibility Study (5)
3. Study of Prospect	2/91	4/91	--	--	Completed together with Identification survey (1)
4. Meeting on Survey	4/91	5/91	11/91	01/92	Postponed due to events in Ethiopia and rescheduled
5. Pre-feasibility Study	5/91	4/92	01/92	09/92	Includes assesment revision, and dispatch of reports
6. Meeting on Pre-feasibility	4/92	4/92	09/92	09/92	10/9/92-12/9/92
7. Meeting wih Industrial Collaborators	4/92	5/92	09/92	09/92	14/9/92-20/9/92

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TECHNICAL CO-OPERATION PERSONNEL

Post No	Post Title	Name, gender and nationality of incumbent	Entry on duty (date)		Departure (date)	
			Scheduled	Actual (Est.)	Scheduled	Actual (Est.)
NPPP		NOT APPLICABLE				
IPPP	Chief, Technical Adviser	Dammaka Mettaferia Male, Ethiopian	12/90	12/92	03/92	10/92

Remarks:

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GOVERNMENT PROJECT PERSONNEL

Post No	Post Title	Name and gender of incumbent	Full/ part time	Assumed duty (date) Scheduled	Actual (Est.)
		NOT APPLICABLE			

Remarks:

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TRAINING

Fellowship, Training Course, Study Tour, or In-service Training	Duration (months)	Name and gender of Fellow(s) If training undertaken abroad, indicate country and institution of study	Started (date)		Completed (date)	
			Scheduled	Actual (Est.)	Scheduled	Actual (Est.)
		NOT APPLICABLE				

Remarks:

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EQUIPMENT

Equipment Item	Cost		Date of Delivery		Status/Remarks
	Budget	Actual	Scheduled	Actual (Est.)	
A. Office furniture for CTA's office consisting of: 1. Executive chair 2. Guest chaires	745.53	745.53	2/91	9/91	Delivered

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SUBCONTRACTS (Separate forms to be completed for each subcontract)

Starting date of subcontract	Expected completion date of subcontract

Name of subcontractor: United Nations Industrial Development Organization (UNIDO)

Purpose of subcontract: To furnish the technical input necessary for producing the outputs specified in the Project Document.

Describe subcontract inputs (include cost, work months, etc.): OUTPUT 1: Identification and market survey leading to the selection of 4 manufacturing and assembly plants for their development as pilot multinational production units that would produce transport equipment for multinational use - 5.5 months.
Output 2: Pre-feasibility study of the 4 selected pilot projects to determine their viability for development - 4.5 months

Combined cost - US$568,000

Subcontract outputs scheduled to be produced during the reporting period:

None

Subcontract outputs produced during reporting period:

Output 1

Remarks:

Output 1 completed earlier but events that took place in Ethiopia delayed its presentation to the Steering Committee by 3 months.

UNITED NATIONS DEVELOPMENT PROGRAMME

REPORTS

Title of report, paper, etc	Remarks
1. Views and Comments on the Development of Transport Equipment Industry.	Technical, English 17/9/91
2. CTAs Progress Report.	Technical, English 23/9/91
3. Draft Terms of Reference for a Pre-feasibility Study of 4 Pilot Projects.	Technical, English 23/9/91
4. Suggested Mechanism for Multinational Co-operation for the Development of 4 Pilot Projects.	Technical, English 23/9/91
5. Diagnostic Study Report.	Technical, English 8/10/91
6. PPER report.	Technical, English 15/10/91

COMBINED BUDGET FOR UNIDO AND ECA

E/ECA/TRANS/84
Annex 3

Project No. : RAF/89/850/C
Project Title: Manufacture of Transport Equipment
Account No. : RURAFOD76

Budget Line	Element	Total		1990		1991		1992	
		w/m	US$	w/m	US$	w/m	US$	w/m	US$
1101	Chief Technical Advisor	22	179,042			12.0	100,000	10.0	79,042
1150	Consultancy	23	278,459			13.4	162,959	9.6	115,500
1300	Administrative Support		68,800		13,801		36,199		18,800
1500	Travel		68,800		12,682		36,467		25,800
1600	Mission		93,370				56,570		36,800
2000	Sub-contract		280,000						280,000
3200	Meetings		163,116		41,116				122,000
4200	Non-Expendable Equipment		6,750				6,750		
5100	Operating and Maintenance		49,250				21,951		27,335
	Total	45	1,193,736		67,599	25.4	420.860	19.6	705,277

UNIDO PORTION

Project No. : RAF/89/850/C
Project Title: Manufacture of Transport Equipment
Account No. : RURAFOD76

Budget line	Element	Total		1990		1991		1992	
		w/m	US$	w/m	US$	w/m	US$	w/m	US$
1150	Consultancy	23	278,459			13.4	162,959	9.6	115,500
1300	Administrative Support		31,000				24,200		6,800
1500	Travel		21,631				15,831		5,800
1600	Mission		45,636				29,836		15,800
200	Sub-Contract		280,000						280,000
5100	Operating and Maintenance		40,000				19,415		20,585
	Total	23	696,726			13.4	252,241	9.6	444,485

ECA PORTION

Project No. : RAF/89/850/C
Project Title: Manufacture of Transport Equipment
Account No. : RURAFOD76

Budget Line	Element	Total		1990		1991		1992	
		w/m	US$	w/m	US$	w/m	US$	w/m	US$
1101	Chief Technical Advisor	22	179.042			12	100,000	10	79,042
1300	Administrative Support		37,800		13,801		11,999		12,000
1500	Travel		53.318		12,681		20,637		20,000
1600	Mission		47,735				26,735		21,000
3200	Meeting		163,115		41,115				122,000
4200	Non-Expendable Equipment		6,750				6,750		
5100	Operating and Maintenance		9,250				2,500		6,750
	Total		497,010		67,597		168,621		260,792

Project: DU/RAF/89/850 - Manufacture of Equipment for Road, Rail, Maritime and Inland Water Transport in Africa

Overview UNIDO Activities since the Second Steering Committee meeting

22, 23 November 1990	Steering Committee meeting
24 November 1990	Start with identification of experts Start with establishing itinerary Start with composition of briefing kits Establishment of job descriptions
11 January 1991	Telex to all UNDP Res. Reps. of countries selected during Steering Committee meeting - Explanation of project and expert's missions Fax to UNIDO UCDs with company list
22 January 1991	Telex to all countries with tentative schedule of missions (flight bookings made)
5 February 1991	Fax to UNIDO UCDs with company list
14 February 1991	Telex to 11 countries with revised schedule
until 28 February 1991	Assessment of candidates (over 40) Selection of experts Recruitment Organization of travel arrangements and visas
19 April 1991	End of Experts' missions
13 May - 4 June 1991	Debriefing of Team Leaders, consolidating final report
5 June 1991	Draft report handed over to CTA (Partly in French)
12 July 1991	Draft report sent to ECA (total in English)
30 September 1991	Final Draft sent to UNDP Res. Rep. Mr. T. Painter, Addis Ababa.

MANUFACTURE OF EQUIPMENT FOR ROAD RAIL AND WATER TRANSPORT IN AFRICA (RAF/89/850)

DRAFT TERMS OF REFERENCE FOR PRE-FEASIBILITY STUDIES FOR THE DEVELOPMENT OF 4 REGIONAL EXISISTING TRANSPORT EQUIPMENT PLANTS:

(As amended by UNIDO)

1. INTRODUCTION

1.1. Project Background

The project on manufacture of transport equipment has been formulated within the framework of one of the key objectives of the UNTACDA programme: the promotion of cooperation among African countries as a step towards greater independence and self-reliance in the development of their transport services. This is necessitated by the fact that, at this early stage, when the transport system in Africa is barely meeting minimum service requirements, African countries are already spending an enormous portion of their foreign exchange earnings on equipment, accessories and spare parts for building the infrastructure as well as for providing the transport services. The annual rate of expenditure required to keep in operation the transport system which is still in-adequate to meet the development requirements of the Africa economy, is so high that only at the sacrifice of the development of the rest of the economy could the African contries manage to continue such spending. Statistical evidence shows that the rate of annual expenditure is climbing at an alarming rate to reach a figure of USD 47 billion by the year 2000.

While it is accepted that development of transport is crucial for economic development, it cannot be justified to spend such a large proportion of the hard currency earnings of a country solely on its transport, at the expense of the rest of the economy. This consideration led to a search for ways and means of reducing the enormous share of foreign currency allocated to the transport sector while laying a firm foundation for its development. It was decided that the best way of achieving this objective is by producing locally some selected transport equipment, components and spare parts with the collective efforts and resources of various African countries organized in subregional or multinational groupings. This is also the surest way of achieving collective

self reliance and sustainable development of transport services for the African countries.

1.1.1. Phase 1 of the Project: RAF/89/850.

A draft project proposal was submitted by ECA early in 1988 for implementing UNTACDA'S objective for the promotion of an African industry in the field of transport equipment in accordance with resolution 86/3 of UNDP Governing council. After a series of revisions and negotiations UNDP agreed to finance the project so that it can be implemented under UNTACDA II. In April 1990 the Project Document was signed by UNDP, OAU (on behald of African Countries), ECA as the Executing Agency and UNIDO as the Associated Agency responsible for the technical input.

The project provides for the execution of PHASE I of process of project study and development as described above. It consists of two parts: Diagnostic survey for the selection of 4 pilot regional plants and a pre-feasibility study to be performed on the selected plants.

1.1.2. The Diagnostic Survey

The identification survey which is now completed dealt with a survey of transport equipment manufacturing plants, assembly plants and repaire and maintenance workshops. Two teams consisting of 3 experts each visited 12 countries and made a study of 93 enterprises - 33 in West and Central Africa and 60 in East and Southern Africa.

The enterprises surveyed range from highly sophisticated manufacturing plants to small maintenance workshops. They are engaged in the production of parts and components for the market; assembly of foreign made machinery for distribution in the market; repair and maintenance of fleets belonging to transport operating organizations. None of them at present manufacture parts and components and assemble them to produce a complete transport vehicle that can be substituted for on imported vehicle. Most of them however have the potential for expansion and upgrading into well organized enterprises that can produce the required machines or equipment.

By consideration of various factors such as existing facilities, conditions of equipment and infrastructure potentialities for expansion, size and quality of management and operating manpower, suitability for regional production and, by establishing relative weights of criteria employed for comparision, the 93 enterprises surveyed are listed in descending order of importance. The top enterprises selected for consideration by the Steering Committee are classified by region, by subregion, by mode and, by subregion and mode so that the countries in the subregion can consider all possible alternatives and select a plant which can best serve the development of a mode of transport considered more crucial in solving the transport problem in that sub-region.

A detailed account of survey, analysis, selection and classification of the enterprises will be found in the report entitled Diagnostic and Market Survey and the annexes thereto.

1.1.3. THE NEED OF THE PRE-FEASIBILITY STUDY

Part two of PHASE I of the process of project study and development will be concerned with a pre-feasibility study of the 4 plants that will be selected or their selection endorsed

by the Steering Committee. The purpose of the pre-feasibility study is to assist the governments the financial institutions and prospective private investors whether or not they should commit themselves and politically and financially to support the future investment if viability and rentability is proven.

Pre-feasibility study as herein contemplated will be wider in scope and will have more complex features than ordinary industrial pre-feasibility studies. It will deal with expansion of existing plant and the integration of existing and new plant equipment and facilities. It will deal with a variety of products which can potentially be produced by the plant. It would require the restructuring of the management to handle an enlarged plant operation to cater for the demand of local, regional and export markets. For this reason the terms of reference intended to serve as a guide to the consultant are unavoidably detailed. It is not however meant to be exhaustive in scope and authoritative in establishing limits to the degree of data collection and analysis thereof. Its main purpose therefore is to suggest what, amongst others, the consultant should look into to produce a pre-feasibility study report of such crucial importance to the future development of transport equipment industry in Africa.

1.2. Project concept

The concept formulated for achieving real cooperation among African countries to ensure the development of transport equipment industry is based on the need to push the initial phase of the study through the successive phases up to the stage where necessary equipment, components and spare parts can be suitably produced and marketed in Africa and elsewhere. Accordingly, it was proposed that during the initial stages of the development of transport equipment industry, when cooperation is of paramount importance than anything else, the magnitude of the project should be kept

at a manageable level which the government and the private promotors and investors can handle easily. With this consideration in view, existing manufacturing plants are to be developed instead of establishing new factories and the number of such exsiting plants is to be limited to four a among the few plants possessing very high potential for regional expansion based on technical, commercial viability and financial. Additionally, it is proposed that:

1.2.1. African authorities be actively assoiated in the project in order to support at national and reginal level the development of the selected regional plants by creating or strengthening the investment environement through fiscal, monitary, customs etc. measures.

1.2.2. African private sector operators and financial institutions be directly involved during the pre-feasibility activities.

1.2.3. Wherever possible to make use as inputs for the focal plants the product produced by other plants (or vice-versa) in order to strengthen the integration of the industrial sector and increase the percentage of value added in final product. Inputs covers also swap of shares, buy-back arrangements, ad hoc joint arrangement for the increase of negotiation power vis-a-vis supplier etc...

1.3. Project Development Objectives

The project RAF/89/850 "Manufacture of Equipment for land rail and water transport in Africa" in the long term is intended to help start a process whereby African countries can mobilize and coordinate their skills and resources to produce jointly

certain spare parts, components equipment and machinery. In the long term the project is expected to create an environment conducive to the promotion of multinational cooperation among African states and joint venture a among Regional private sector operators in manufacture of transport equipment sector through the identification and Development of existing plants with a potential for restructuring, rehabilitation, diversification, expanding and export inside and outside the sub-region.

2. Project immediate objective

To enable the government, the financial institution and the private sector operators (present shareholders of selected existing plants) to make an investment decision regarding the development and the expansion of the regional existing transport equipment plants. Special attention should be paid to the use of available inputs/outputs of the region in order to increase the regional value added in the processed final products.

3. Project outputs

3.1. The first output will be 4 pre-feasibility studies report accordingly to the UNIDO methodology contains in the manual for the preparation of industrial feasibility studies (ID/206) and in the line with international financial institutions standard for investment proposals. The following charter will be detailed:

Chapter 1. Executive summary
Chapter 2. The enterprise:
General indicators and plant strategy toward regional integration
Chapter 3. Target market, plant capacity and integrated production with other plants in the region
Chapter 4. Material inputs and selected and products

Chapter 5. Location, site and environment
Chapter 6. Enginering situation
Chapter 7. Administration and plant overheads
Chapter 8. Human resource and organization
Chapter 9. Suggested development implementation at regional level
Chapter 10. Financial and Economical analysis and suggested financial plan
Chapter 11. Institutional Environment, national and regional authorities support regulations
Chapter 12. Legal structure and piscal advantages
Chapter 13. Conclusions and practical recommendations including risk foreseen.

3.2. the second output will be: 4 investments proposals drafted according to the following charters:

The chapter will be defined in consultation with financial instituion.

4. Work Distribution

Under the general and direct supervision and guidance of UNIDO, (feasibility studies branch) the pre-feasibility studies report will be prepare by a team of multidiciplinary international experts under UNIDO sub-contracting conditions the report will be produce in the language where the plant is located. Only the executive summary will be translated. The investment proposals report will be prepare by a team of African experts under individual or reimbursable loans conditions. The investment proposals will be produced both in French and English.

5. Suggested Procedure

The study will start off with a review of background documents including the Project Document, and the minutes of the Steering Committee meetings, memoranda and papers written on the project in order to understand the purpose of the project, the transport problems it is intended to solve and the concept employed for solving the problem. The review will then focus on the diagnostic and market survey report and its annexes in order to understand the basis of selecting those enterprises which eventually became the subject for the pre-feasibility study. Attention should also be given to those enterprises which ranked lower in the list but have special features that might assist in the rationalization of all available resources to achieve economical production of industrial equipment.

Central in the performance of the study is the determination of the parts and components that can be manufactured with the expanded plant and its integrated equipment and those which should be procured from outside under special contract or bought from the market in order to produce and assemble a complete machine to serve the particular mode of transport. Determination of the products of the plant will also be useful for conducting a market survey in the subregion to establish their demand and for fixing the capacities of the pilot plants.

Looking at it from the engineering side, determination of the products of the plant will also assist in establishing the number and capacities of various departments of the manufacturing plant, the capacities of manufacturing facilities and, the number and capacities of the various plant equipments in each department. This in turn will assist in determining what additional departments, facilities and equipment should be procured and integrated in the existing plant to produce the given products.

Once this is achieved the pre-feasibility study would follow the normal procedure of study to arrive eventually at estimates investment costs and pre-feasibility as indicated in the following outline.

6. Outline of Scope of Study

UNIDO will finalize the scope of the study according to his methodology

Determination of manufacturing capability of the Enterprise

By taking into consideration the maximum utilization of existing facilities and expertise and their integration with facilities and expertise that would be acquired with modest investment, the manufacturing capability of the plant will be determined. This will establish what parts and components of the given product can be manufactured within the plant and what parts will be procured from outside the plant for the assembly of a given machine or equipment needed to serve the particular mode of transport. The following procedure is suggested for a systematic handling of this excercise.

1. Type and Capacity of Machine

A decision has to be made a priori as to the type and capacity of a machine or equipment to be produced for the market. The machine or its major component must be produced within the expanded plant. A machine or equipment in this context does not include private vehicles.

2. Constituent parts of a machine

The machine should be sub-divided into its constituent parts to help determine which constituent parts can be produced within the plant and which will be acquired from outside. Examples of constituent parts are:

Antomotive machine parts:-

Chasis and suspensions; engine; transmission, electrical equipment, body, etc...

Specialized or anciliary parts: tires, window glasses, batteries; soft trims, etc...

Maritime equipment parts:

Hull; engine; propulsion; electric generating equipment; outfitting components, ect...

Specialized or anciliary parts:- deck equipment; navigation equipment; refrigeration equipment, boilers, pumps, etc...

3. Manufacturing Capability of Plant

By taking into consideration all possible constriants in factors of production an assessment should be made of:

- exisiting capability of the plant
- its potential capability that may be realized with modest investement.
- its residual capacity for producing diversified products.

4. Combined production with a Sister Plant

Investigation should be made to determine whether an economical production of a component of the machine or equipment can be achieved through a programme of combined production with a plant which had been identified during the diagnostic and market survey as having a capability for such a purpose.

5. Partial Supply of Constituent Parts

Investigation should also be made whether economical production of the machine or equipment can be achieved by having some constituent parts of the machine or equipment supplied under long term or special contract by a competent African or foreign manufacturer.

6. Purchase of Minor Components

Where it appears that all minor parts and components needed for assembly of a machine or a major equipment cannot be produced within the plant or its sister plant a list of these parts and components should be prepared and their domestic (Afirca) and foreign sources of supply should be identified, or alternatively it should be indicated whether they are obtainable in the general market.

7. Anciliary or Specialized Parts

Domestic or foreign suppliers of anciliary or specilized parts which cannot be produced by the plant or its sister plant should be identified and conditions for their supply and delivery should be ascertained.

2.3.2. Demand and Market Study

Following determination of the type and capacities of machines, components or parts which can be manufactured by the plant or jointly with its sister plant, demand and market study of the products will be made as suggested below:

1. Product lines

A list and specification shall be drawn up of machines, parts and components of machines that are designated as principal products of the plant, and other diversfied products that can be manufactured with the residual capacity of the plant for which there is a market within the subregion.

2. Imports within the subregion

Quality, volume and prices of imported products to be replaced by the products of the plants will have to be established. Records of imports should be made of the last five years. Trends of future growth should be determined using reliable methods of projection.

3. Locally produced goods

Where there are locally produced goods having similarity with the products of the plant, determination should be made of their quality, volume, and prices and taking note of possible barriers to importation, and conditions underwhich the products of the plant can compete in that country.

4. Methodology for Market Survey and Analysis

It is suggested that the market survey and analysis and forcasting techniques of future demand be performed in accordance with the methodology described in UNIDOs manual entitled Manual for the Preparation of Industial Pre-feasibility Studies.

2.3.3. Marketing, Market and Plant Capacity

1. Marketing

In a project in which member countries are cooperating for purposes of developing the transport equipment industry and to derive equal benefits from such development, it is assumed that the member countries will eliminate all foreign competitions to the products of the pilot multinational enterprises. Consequently there should not be a marketing problem. The only constraints to the sales volume is the volume of production which could be limited due to possible limits in the capacities of the plants which in turn are influenced by the amount of capital available for development. Also there should not be a problem in regard to sales forecasts; as the sales programme is expected to conform only to the rate of growth in demand.

Additionally it is assumed that:

a. The sales price of the products in each member country will be lower than the prices of imports by an amount equal to the custom duties levied against such imports.

b. The FOB price for which the manufacturer is responsible will include: production costs, profit margin, expenses relating to delivery on board the ship; and the F&I cost, for which the importer is responsible, includes freight, insurance, expenses relating to delivery to the warehouse and, a profit margin to the importer or distributor.

2. Plant Capacity

By estimating expenses relating to FOB delivery by the manufacturer and expenses relating to F&I and the margin of profit to the importer; and assuming the rate of return to be equal initially to the highest oportunity cost obtaining in any of the member countries, the consultant will determine a figure which will represent the production cost in a break-even analysis. The analysis will consider various alternative figures representing fixed costs contributed by additional capital expenditures, variable costs contributed by increases in volumes of sales and the profit margins deriving from total revenue until a cut-off rate of return is established for a minimum capital expenditure.

3. Capacities of Facilities and of Production Departments

The preliminary plant capacity, which is established in the manner suggested above, will be used in turn to establish the following related capacities:

3.1. Capacities of auxiliary and service units for the given line of production.

3.2. Capacities of the various manufacturing departments of the expanded plant.

3.3. The following capacities of the existing plant:

- manufacturing facilities
- production departments
- plant equipment and numbers
- conditions of existing equipment and identification of those which can be integrated with the new equipment to provide continued services.

3.4. Capacity and number of additional equipment needed to make complete a manufacturing department of the existing plant.

3.5. Capacities and number of production departments of the additional plant

- manufacturing facilities in the new departments.
- Plant equipment and their numbers in the new departments.

2.3.4. Project Engineering

1. The particulars to be considered in project engineering should be similar to those indicated in the Outline of a Pre-feasibility Study appearing in the MANUAL mentioned above except that the scope of the present project is extended to encompass old and new manufacturing facilities, departments, and plant equipment in an integrated plant which is intended to have greater volumes of production and capabilities to produce a greater variety of parts and components of transport machinery. The consultant should make note of this and the fact that some of the equipment may be rejected for old age and unsuitability and the rest of the equipment together with other plant facilities, civil engineering structures, buildings and infrastructures have to be rehabilitated and maintained to mesh in with the new additions.

2. Layout drawings in rough form should show separately the different departments of a plant and arrangement of plant equipment. A department of a plant in this context is a bay or section of a plant which has a distinct process of manufacture or produces major parts or components of a machine.

3. Layout drawings include rough charts and diagrams required to show interrelationships of facilities, departments, equipment buildings and infrastructures of the plant and flow of materials through the plant in the process of raw material delivery, storage, transport, manufacture, quality control storage, and dispatch of finished products to consumers. It will also include manpower requirement layouts for plant operation and organizational layouts for plant management.

2.3.5. Financial Analysis

The following are some of the items suggested for consideration in the financial analysis. Their estimates should be based on construction of appropriate implementation and operation schedules.

1. Costs

a) Capital cost estimates of existing plant:

(1) Net worth based on valuation of assets and liabilities, debts and credits, including good will value of enterprise, if any

(2) Estimates of value of equipment that can be retained and integrated in the expanded plant.

(3) Estimates of replacement cost of the old equipment to be made in accordance with a proposed replacement schedule.

(4) Estimates of reconditioning and rehabilitation costs of existing plant and its auxiliary and service facilities buildings and infrastructures to facilitate integration with new additions.

b) Cost of new additions to the plant:

(1) Estimates of additional facilities and equipment for the alternative technologies considered (indicating source of technologies and equipment)

(2) Estimates of costs

- for different capacities of plant for use in a revised breakeven analysis to determine a realistic cut-off rate of return on a minimum capital investment.

- for additional facilities that may have to be added to the facilities of a sister plant to achieve a combined production at a minimum capital expenditure and low production cost.

(a) working capital requirement

(b) production cost covering all factors of production, sales and distribution listed in the MANUAL mentioned above.

2. Proposed Financing

Proposals should be made for financing the project based on investigation of the following potential sources of capital and credits:

(a) Shareholders equity including direct investment by member countries financial institutions, project collaborators, members of private sector; and portfolio investment by foreign business firms and local and international shares subscribers

(b) Loans from international financial institutions and commercial banks

(c) Suppliers credits from equipment suppliers.

3. **Financial Evaluation**

This should consider all alternative methods of evaluating benefits or returns on invested capital.

Note :

The TOR described above shall apply *mutatis mutandis* to projects involving manufacture of equipments for all modes of transport.

TERMS OF REFERENCE
FOR
THE CONSULTATIVE COMMITTEE

I. Introduction

The Project Document has given to the Consultative Committee definite powers as well as definite responsibilities. During the initial phases of the project, it is made to represent the beneficiaries which include the member States and the private sector. As such, the committee is given the power to review the studies and make suggestions on the course the project has to take. During the final stages of the project's development and implementation, the Committee is given the responsibility of acting as a project promoter to take over the project and to bring the project to its ultimate and logical conclusion with the establishment and operation of the pilot plants.

II. Terms of reference

The Consultative Committee shall:

a. critically review the diagnostic and pre-feasibility study of RAF/89/850, and provide guidelines to the Steering Committee on follow up activities;

b. sensitize member States, donors and private sector on the merits and advantages of the project and effectively promote the latter;

c. commit itself to promote the implementation of the project by playing a leading role especially after the completion of the pre-feasibility and feasibility studies.

d. contribute their rich experiences in transport project development by making sound suggestions with regard to the implementation of the project.

III. Composition

The Consultative Committee is composed of:

1. Countries

1.1 Zimbabwe, Zambia and Mauritius in Southern Africa;

1.2 Ethiopia, Kenya and Tanzania in Eastern Africa;

1.3 Zaire, Cameroon and Gabon in Central Africa;

1.4 Nigeria, Senegal and Côte d'Ivoire in Western Africa;

1.5 PTA, ECOWAS and ECCAS;

1.6 All Steering Committee member may join the Consultative Committee as de facto members.

2. Financial Institutions

2.1 African Development Bank;

2.2 The sub-regional development banks.

3. Private Sector

To be represented by 2 officials of two Chambers of Commerce and industry from two of the sub-regions; and one representative of the Association of African Consultants.

IV. Meetings

The Consultative Committee shall meet in the beginning and at the end of all important phases of the project. The meetings will be convened by the chairman of the Steering Committee of the project and ECA, the Executing Agency of the project, will act as secretary of the Consultative Committee.

WORK PLAN

(For the period 24 October 1991 to 8 September 1992)

	Activity	Place	Period
1.	Project publicising activity by ECA and CTA 1/	Addis/Africa	01/11/91 - 01/03/92
2.	Dispatch by UNIDO to Committee members of draft TOR on Pre-feasibility study based on its format	Vienna	01/11/91 - 10/11/91
3.	Receipt by UNIDO and ECA of coments of members on TOR	Vienna/Addis	20/11/91 - 30/11/91
4.	Dispatch by UNIDO of revised TOR to ECA and CTA	Vienna	15/12/91 - 20/12/91
5.	Choice of consultants by UNIDO in consultation with ECA and CTA 2/	Vienna/Addis	01/11/91 - 08/01/92
6.	Pre-feasibility Study 3/	Vienna/Africa	01/02/91 - 15/06/92
7.	Assessment of Pre-feasibility study report by UNIDO, ECA and CTA	Vienna/Addis	15/06/92 - 08/07/92
8.	Revision of report	Vienna	08/07/92 - 08/08/92
9.	Disptach of Report	Vienna	08/08/92 - 08/09/92
10.	Activity by CTA for convening the Consultative and the Steering Committees 4/	Africa/Addis	08/07/92 - 08/09/92
11.	Meetings	Addis	To be determined
	- Inter Agnecy		
	- Consultative committee		
	- Steering Committee		

1/ This is a recurrent activity which may start as early as November and continue on and off until March 92 and beyond depending on mission arrangements.

2/ This includes prequalification and short listing of consultants and award of contract.

3/ This activity includes field work, market survey, office study by the consultants, monthly progress reports to ECA and CTA: and periodic meeting between the consultants, UNIDO, ECA and the CTA, on crucial points and preparation of Draft Final Report for assessment.

4/ This includes visiting key members, providing them with status reports on the project, and explaining to them the importance of their presence at a meeting which will discuss the transitional stage of the project to Phase II of study and development.

A SUMMARY OF THE MAIN DECISIONS MADE DURING THE THIRD STEERING COMMITTEE ON PROJECT DU/RAF/89/850 "MANUFACTURE OF EQUIPMENT FOR ROAD, RAIL, INLAND WATER AND MARITIME TRANSPORT IN AFRICA" 21-24 OCTOBER 1991 ADDIS ABABA, ETHIOPIA

The following decisions were made:-

(i) The wealth of information gathered during the diagnostic survey should not only be used for the selection of the four prefeasibility studies but also for the development of the other enterprises which also showed potential in the development of the transport equipment industry.

(ii) The Steering Committee agreed on the need to have a regional approach in the implementation of the project. In this regard the terms of reference for the prefeasibility studies would clearly indicate the cooperation aspect of the project in general and in particular the potential of plants for the development of subregional/regional cooperation.

(iii) The selected enterprises are as given in attached table 1.

(iv) A clear mandate and decision on the composition of the consultative committee would have to be reflected in the terms of reference of the committee.

(v) In the preparation of the revised work plan and budget, the committee agreed that an appeal should be made to UNDP for the extra financial resources required in order to ensure that the project is executed as originally planned. More funds would have to be sought in order to implement the phases beyond the prefeasibility studies.

(vi) ECA was mandated to sensitize member States on the role of the consultative committee and also prepare the first consultative committee meeting.

(vii) A resolution on the role of the consultative committee would also have to be prepared for presentation to the next OAU Council of Ministers.

(viii) The African Regional Centre for Engineering Design and manufacturing should be invited to participate in future Steering Committee meetings.

(ix) ECA, in collaboration with UNIDO, should prepare ideas regarding follow up activities after the completion of the current project.

LIST OF ENTERPRISES SELECTED TO CONDUCT THE PREFEASIBILITY STUDY

CHOICE	ENTERPRISES	COUNTRY
	West Africa	
1.	SNCS	Senegal
2.	NIGERDOCK	Nigeria
3.	STAR AUTO	Cote d'Ivoire
	Central Africa	
1.	A.C.P.	Zaire
2.	CNIC	Cameroon
3.	CIG	Gabon
	East Africa	
1.	AKAKI	Ethiopia
2.	KENYA RAILWAYS CORPORATION	Kenya
3.	AFRO COOLING SYSTEMS LTD.	Tanzania
	Southern Africa	
1.	ZECO	Zimbabwe
2.	BMS ENGINEERING LTD.	Zambia
3.	FORGES TARDIEU LTD.	Mauritius